



WHITEPAPER

ASEAN's shift to T+1 settlement.

Impacts and actionable strategies for bank treasuries

Table of contents

- 2 Introduction
- 3 ASEAN's shift to T+1 settlement
- 4 ASEAN today: firmly at T+2, but under pressure
- 5 Cross-border and FX impacts for India and ASEAN treasuries
- 6 Operational and treasury impacts: what this means for treasury systems
- 7 Challenges
- 8 Actionable Recommendations
- 9 Conclusion

About the author



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Prasad is a treasury-tech consultant at Finastra focusing on their flagship treasury solutions, Kondor and Opics. He has over 29 years of experience in treasury solutions and consulting, across India and ASEAN. Prasad's experience encompasses macro strategy, product evangelism and workflow architectures.

In his current role, Prasad aims to shape market conversations from Kuala Lumpur to Mumbai and beyond. He is currently obsessed with market structures, particularly in how these are generated through liquidity flows, trading activity, risk management and regulatory reporting.

Methodologies

ASEAN’s shift to T+1 settlement.

Post-trade technology is increasingly strategic

In May 2024, the United States, Canada, and Mexico advanced to a T+1 settlement cycle for equities and related financial instruments, effectively compressing the settlement window for the world’s largest pool of listed assets. Looking ahead, the European Union, United Kingdom, and Switzerland are slated to transition to T+1 by October 2027, a move explicitly driven by the need to maintain competitiveness in the global financial landscape.

India has already embraced this shift, operating entirely on a T+1 settlement cycle for equities since early 2023. Additionally, the country is actively exploring optional T+0 and even instant settlement options, underscoring its commitment to innovation and efficiency.

In contrast, most major ASEAN markets continue to operate on a T+2 timetable. However, they face mounting pressure, poised between the increasingly rapid T+1 frameworks of North America and India, and the upcoming transition of Europe and the UK.

For treasurers operating within India and ASEAN, these developments represent more than mere back-office adjustments. They fundamentally reshape funding windows, foreign exchange booking behaviors, collateral management, intraday liquidity strategies, and the imperative for straight-through processing (STP). These changes necessitate strategic agility and a proactive approach to adapt to the evolving settlement landscape across the Asia-Pacific region.

“As major markets around the world converge on faster settlement, ASEAN faces the risk of investor attrition and settlement mismatches, underlining the urgency for harmonization.”

ASEAN today: firmly at T+2, but under pressure

A look at the current state of affairs and drivers toward T+1.

In ASEAN’s leading securities markets, equities settlement times have shortened from T+3 to T+2 in the last decade, and T+2 remains the prevailing standard for equities. None have committed to full-market T+1. There are, however, local nuances:

Singapore	Equities at T+2; government bonds already at T+1.
Malaysia (Bursa)	Listed securities on a T+2 cycle since April 2019. Moved from T+3 to T+2 in March 2018; some big-lot or bond trades can be bilaterally agreed for T+1/T+2.
Thailand (SET)	Moved from T+3 to T+2 in March 2018; some big-lot or bond trades can be bilaterally agreed for T+1/T+2.
Indonesia (IDX)	Regular equity market at T+2 from November 2018; cash market segment at T+0.
Philippines (PSE)	Migrated from T+3 to T+2 in August 2023.
Vietnam (HOSE/VSDC)	+2 standard cycle; recent reforms brought earlier intraday availability of cash and securities on T+2, plus exploration of T+0 trading and “on-the-way” sale of securities.

Singapore Exchange (SGX) government bonds already settle at T+1, while some segments of Indonesia’s cash market operate at T+0. This relative lag behind global peers creates operational inefficiencies, especially for regional and international investors handling crossborder flows. The shift toward T+1 is driven by regulatory pressures, the desire to reduce settlement and counterparty risk, and the need for regional market competitiveness.

As major markets around the world converge on faster settlement, ASEAN faces the risk of investor attrition and settlement mismatches, underlining the urgency for harmonization.

Adding to the pressure, the US T+1 change has a disproportionate impact on Asiabased investors because of time-zone compression; FX and funding for US trades now need to be executed on trade date or very early on T+1 Asia time.

India’s move to T+1, and the future EU/UK/Swiss moves, mean ASEAN is becoming the “slow” leg in many cross-border portfolios. That increases settlement mismatch risk and pushes regional regulators to at least study T+1 options.

Cross-border and FX impacts for India and ASEAN treasuries

Faster settlement means less exposure to market volatility and credit risk, but could this shift could have unintended consequences?

The implementation of T+1 settlement in ASEAN will fundamentally compress the available window for funding, foreign exchange booking, collateral management, and trade affirmation. Banks will be required to coordinate FX transactions and cash funding much earlier in the day, often across multiple time zones, making traditional next-day conversion and end-of-day funding strategies inadequate. This operational acceleration leaves little margin for error; trade affirmation, allocation, risk checks, and sanctions screening must all occur almost immediately after trade execution to avoid potential settlement failures. Consequently, institutions will need to prefund multicurrency accounts and deploy intraday credit lines with greater agility. From a treasury/ market's standpoint, the main impacts of T+1, and the threat of T+1 elsewhere, are:



FX booking and pre-funding risk

US and Indian equity trades now settle on T+1; ASEAN investors often execute FX after equities. Under T+1, you essentially have one Asia morning to fix both FX and cash.

This pushes banks towards pre-funded multicurrency wallets, intraday credit lines, or automated FX sweep solutions.



Intraday liquidity and collateral

Shorter settlement cycles reduce overall counterparty exposure and margin needs but concentrate liquidity needs into tighter windows.

Collateral settlements must run faster and more often. This is already seen in Indian banks using CCIL margin based settlement, where the norm is for banks to run a quicker margin top up in the middle of the day.



Operational compression

Affirmation/ allocation, corporate action checks, SSI validation, and sanctions/AML controls all need to be executed close to trade time. Any rekeying or fax/email-based process becomes unacceptable.



Custody and operating model choices

Global and local custodians are redesigning cut-offs and file-exchange windows around T+1/T+0 markets. Banks must be able to support both legacy T+2 flows and accelerated flows from T+1 jurisdictions.

Operational and treasury impacts: what this means for treasury systems

Technology imperatives for T+1 readiness.

Transitioning to T+1 settlement forces banks to reevaluate and modernize their technology landscapes, as operational resilience now depends on the speed and flexibility of underlying platforms.

Real-time, front-to-back data architectures are essential, supporting immediate visibility of trading positions and risk exposures across the organization. This empowers Treasury teams to make timely funding, hedging, and liquidity decisions within sharply reduced windows.

Open, API-driven integration is another requirement, facilitating direct connectivity to exchanges, central securities depositories (CSDs), custodians, real-time gross settlement (RTGS) systems, and core banking platforms. Automated data enrichment, trade matching, and status updates must occur seamlessly, with workflows shifting away from traditional batch processing to event-driven or multiple intraday cycles.

As a result, institutions need to invest in analytics platforms that model cash flow and collateral ladders under different scenarios, providing forward-looking insight on liquidity needs and

risk concentrations throughout the settlement day. To reinforce process integrity, operational controls must be enhanced with robust audit trails, dual controls, and real-time exception management—minimizing the potential for mistakes in a highly compressed operating environment.

Automation, including the deployment of artificial intelligence for exception handling and operational surveillance, further reduces risk as tolerance for manual intervention diminishes.

“T+1 readiness is more than a regulatory checkbox, it leads to questions about underlying technology and integration architecture.”

Real-time front-to-back

Banks need positions, limits and P&L updated in near-real time so that funding and hedging decisions are made on the same day as the trade, not the day after. Systems like Kondor already run an intraday book with real-time risk, curve updates and trade capture across FX, MM, bonds and derivatives.

API-driven integration with market infrastructure

Shorter cycles give you fewer manual rescue options. Open APIs into exchanges, CSDs, custodians, RTGS systems and internal core banking become essential for:

- ▮ same-day enrichment and matching
- ▮ automated status updates (matched/confirmed/settled)
- ▮ exception-only workflows for operations.

Event-driven batches

Daily end-of-day batches are not enough; you need multiple intraday batch cycles or fully

event-driven revaluation, limits, and liquidity reports, especially in India where T+1, T+0 and instant settlement may coexist.

Intraday liquidity and collateral analytics

Tools that model intraday cash-flow ladders, settlement projections, and collateral encumbrance under different settlement cycles become far more valuable. Treasurers will want to see “what happens to my INR/SGD/MYR buffers if the last hour of US trading spikes volumes?”

Operational controls and governance

T+1 amplifies the cost of a single error. Role-based access, dual controls, audit trails and “deal locker” capabilities (to freeze new deals during reconciliation) are not just technical features; they are arguments that the bank can safely operate in a compressed settlement world.

Impacts by discipline:

Treasury discipline	Legacy era	Real-time era	Areas stressed by shift	Additional investment	Potential benefits
Balance & Transaction Reporting	End of Day	Instant	Multiple intraday batches to update revaluation and liquidity reports become necessary, whereas many legacy systems run these processes at EOD	Low	Improved liquidity management Smaller liquidity buffers
Payments	Batch	Instant	Shorter cycles necessitate API based updates for SSI and status and exception-only workflows for manual operations	Medium	Better control over cash flow Automation of daily operations
Bank Fees	Opaque, generic	Transparent, detailed	Demand for customized fee schedules may result	Low	Client experience
Communication	One-way	Two-way	Resolution timeframes squeezed	Medium	Query resolution
Data Processing	Stale, manual, shallow	Current, automated, rich	Data must be cleansed and consistent Connectivity and integration will be crucial	High	Quick, cost-effective intelligence gathering (the Cloud may be the most cost-effective approach)
Analytics	Historic	Predictive	Requires high volumes of accurate, real-time data	Medium	Client behaviour analysis Investment decision-making Product targeting
Securities Settlement	Longer cycle	Shorter cycle	Modeling collateral encumbrance under different settlement cycles is now an area of new stress that requires the same realtime views as for payments	High	Realtime inventory views Better collateral management Cost-efficiencies
Bank Connectivity	FTP	API	Requires high volumes of accurate, real-time data	Low	Acceleration of multiple processes
Risk	More exposed	Less exposed	Likely to prompt a wider review of credit risk	Low	Increase trading capacity as real-time settlement decreases exposure

Challenges

The shift to T+1 does not come without challenges. Cross-border settlement mismatches become significant as various markets operate on different cycles, creating overlapping cut-off times and increased FX management complexity.

Many ASEAN institutions continue to operate legacy systems and manual processes, which are ill-suited for the speed and precision required by T+1 and increase the probability and impact of settlement failures. Operational risks are therefore amplified: even minor process breakdowns or delayed confirmations can trigger settlement failures that threaten both client relationships and market reputation.

Additionally, the move to a compressed settlement environment makes liquidity management more intricate, as funding and collateral demands spike within shorter intervals and leave less room for reactive strategies. Banks must also be capable of supporting multiple settlement regimes for clients trading in both T+1 and T+2 markets, requiring adaptable and resilient operational designs.

Actionable recommendations

To navigate the transition to T+1 settlement, Treasury and Capital Markets teams in ASEAN should start by holistically auditing and reengineering critical processes. Institutions are strongly advised to automate trade matching, affirmation, and settlement instructions, removing any remaining manual or paper-based steps. Investment in platforms that enable real-time position keeping, risk analytics, and cash and collateral reporting is essential. Banks should prioritize open, event-driven integration with external market infrastructure to align with the demands of accelerated settlement.

“Banks should prioritize, open, event-driven integration with external market infrastructure to align with the demands of accelerated settlement.”

Operational controls must be strengthened, including role-based access, dual verification for sensitive actions, and comprehensive audit trails. FX and funding strategies require modernization, with a focus on pre-funded multicurrency mechanisms, timely FX booking, and automated processes for synchronizing funding with trading activity. Scenario modelling should be used to stress-test intraday liquidity buffers under high-volume and high-volatility conditions, while staff and client education programs can smooth the path to rapid process changes.

Ultimately, banks must ensure that technology architecture is flexible, supporting simultaneous management of T+2, T+1, and T+0 cycles, and leveraging AI-driven tools to proactively manage exceptions and optimize operational responses.

Key takeaways

For India and ASEAN banks, there are three takeaways:

- ▼ **Risk and capital impacts:** Transitioning to T+1 settlement reduces counterparty and settlement risks, but it simultaneously increases intraday liquidity and operational challenges. A consolidated treasury platform can play a vital role in optimizing these risks and enhancing operational efficiency.
- ▼ **Regional connectivity:** India has already adopted T+1, North America and soon Europe will follow suit, while ASEAN remains at T+2. This requires treasuries to operate systems capable of managing multiple settlement regimes in parallel, effectively overseeing FX and collateral flows across diverse regions.
- ▼ **Futureproofing:** building architectures that leverage open APIs, real-time risk management, and automation including Generative AI assistants for exception handling, will be essential for organizations aiming to seamlessly transition from T+2 to T+0 and beyond.

Conclusion:

Success demands a proactive response.

The global shift to T+1 settlement, led by North America and India and soon to be joined by Europe, is both an operational challenge and a strategic imperative for banks across ASEAN. Success demands a proactive response: embracing real-time technology, robust automation, and resilient operational controls is essential not just to meet regulatory demand, but to ensure sustained competitiveness in capital markets.

Banks must invest in necessary upgrades today to mitigate this risk and improve their operational efficiency. These capabilities are necessary to position themselves for increased cross-border flows and capitalize on the continued evolution of global settlement standards.



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About Teciem

Teciem is a global provider of front-to-back treasury and capital markets software solutions, serving banks and financial institutions of all sizes. We deliver award-winning solutions for trading lifecycle and risk management, helping clients to operate seamlessly across asset classes and global markets. Built on decades of domain expertise, our solutions – Kondor, Summit, Opics, Sophis, Sophis Invest and Arc – are trusted by more than 340 financial institutions (and many of their subsidiaries) worldwide, including a majority of the top 100 global banks.

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